

## **Australian Education International North America (AEI NA) participates in US Department of Education negotiated rulemaking, 1 July 2009**

The 2010 United States presidential budget proposes to make federal loan programs simpler, more reliable and more efficient for American postsecondary students wishing to access higher education. As a part of these reforms, the Obama administration is seeking to eliminate the Family Federal Education Loan program, which provides government subsidies to private student lenders, and expands the Direct Loan system, which provides students with loans directly from the government.

American students are able to use Family Federal Education Loans to attend international institutions for full-degree undergraduate and postgraduate programs. However, they are not able to receive such loans from the Direct Loan Program. If Congress accepts the proposal, AEI NA wishes to ensure that American full-degree students continue to have access to federal loans to study in Australian and international universities.

As a part of our dialogue with the US government and Congress on this issue, AEI NA testified at the US Department of Education's negotiated rulemaking process in Philadelphia on 22 June 2009. AEI NA's statement is provided below.

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### **Testimony of Australian Education International-North America in response to Public Hearings on Proposed Regulations Governing Foreign Schools**

This statement serves as the testimony by Australian Education International-North America (AEI NA), Embassy of Australia, before the U.S. Department of Education, Office of Postsecondary Education, in response to the 26 May 2009, "Notice of Negotiated Rulemaking for Programs Authorized under Title IV of the Higher Education Act of 1965, as Amended".

AEI NA appreciates the opportunity to submit this statement on behalf of Australian universities and in consultation with the British Council, the Embassy of Canada, and the Embassy of New Zealand. AEI NA's role is to promote a greater awareness of the quality of Australian education and assist American and Australian institutions in the development of relationships that may include one or all of student mobility, faculty interchange and research linkages.

Every year some 15,000 Americans exercise an option to study in Australia. The majority of these students study for a semester or less, although many more choose to study for a semester than the American average. However many also undertake full degrees at both undergraduate and graduate levels. The full degree students often study in Australia because the education they undertake represents a closer match to their research interests than might be available in America. Many of these students use support provided through the Federal student loan program.

An option to study in Australia, or other international destinations, expands the range of study programs available to American students and often enables a closer match with the students' academic interests. American students who have undertaken an Australian education experience, similar to their Australian counterparts who have studied in America, represent a

pool of knowledge about each country that underpins the Australia-America bilateral relationship and often promote educational, research, commercial or people-to-people linkages that continue throughout their lives.

AEI NA recognizes the efforts made by the U.S. Department of Education to assist foreign schools with the implementation of the Federal Family Education Loan (FFEL) program, and particularly the professional approach of the Foreign Schools Team. AEI NA also appreciates the administrative flexibility extended to foreign schools through the exemptions included for foreign schools in the Higher Education Reauthorization Act. Those exemptions, that waive the requirements for crime statistics reporting, tax verification, and adhering to U.S. financial audit standards, recognise the different situation faced by foreign schools while nonetheless maintaining appropriate levels of accountability for funds provided through a U.S. government program.

AEI NA asks that the U.S. Department of Education ensure that American students wishing to study overseas continue to have access to loans under all federal student loan programs. Approximately 21,000 American students are enrolled in full-degree undergraduate and postgraduate programs at international universities, of which 2,409 were enrolled in Australian institutions in 2008. Federal loans provide these students with the opportunity to study at their school of choice.

The Obama administration has proposed to eliminate the FFEL program and move completely to the William D Ford Federal Direct Loan Program. At present, American students are able to use FFEL loans to attend international institutions; however, they are not able to receive such loans from the Direct Loan Program. As such, should the proposed reforms be implemented, AEI NA asks the U.S. Department of Education to ensure that American students wishing to study in Australia and at other international destinations continue to have access to federal loans through the Direct Loan Program.

In addition, the Direct Loan Program uses the Common Origination and Disbursement system to originate and disburse student loans. Given that international institutions are not familiar with this system, AEI NA encourages the U.S. Department of Education to provide training and support to international universities to ensure a smooth transition to the new system and uninterrupted access to loans for those American students already studying overseas and to new students for whom the overseas study option represents the greatest academic and research return.

In summary, AEI NA asks that the U.S. Department of Education:

1. Ensure that American students are able to access loans through the William D Ford Federal Direct Loan Program to study overseas, by providing international universities with access to the Direct Loan Program and maintaining the current exemptions for foreign schools;
2. Provide training and support to international universities on how to administer federal student loans through the Direct Loan system, similar to the training provided to U.S. schools.

AEI NA appreciates the U.S. Department of Education's consideration of this testimony and offers itself as a resource to the Department for these and other issues raised throughout the negotiated rulemaking process.